

**Michigan
Recycling
Partnership**



**Natural Resources, Great Lakes, Land Use and Environment Committee
December 6, 2006**

Testimony Presented by Mary Dechow, Chairperson, Michigan Recycling Partnership

Good morning. Thank you for the opportunity to testify in support of House Bill 5163 and HJR O, the "Recycling Makes Cents" plan.

My name is Mary Dechow. I am director of government and regulatory affairs for Spartan Stores and chairperson of the Michigan Recycling Partnership.

MRP represents more than 25,000 businesses and 400,000 employees who share a concern over the lack of a comprehensive solid waste policy in Michigan. MRP has been working since 1989 to urge Michigan to do more to support and encourage recycling opportunities, which preserve natural resources and limit landfill dependency.

Sadly, since 1989 we have seen Michigan — once a leader in recycling — fall well behind our Great Lakes states neighbors and the nation. While there are a small number of highly successful local programs, Michigan's record on recycling is woefully inadequate. The lack of a state-level focus on recycling and reuse leaves too many citizens with little or no access to recycling services. The statistics speak for themselves:

- Recycling in Michigan gets a fraction of the funding of other Great Lakes states.
- Michigan's 20 percent recycling rate is dead last among Great Lakes states.
- Michigan's recycling rate actually *decreased* 20 percent from 1994 to 2004, while all other Great Lakes states increased.
- Michigan ranks 41st out of 48 states that reported their commitment to recycling.
- Only 37 percent of Michigan residents have access to curbside recycling, the lowest percentage of all the states in the region.

The "Recycling Makes Cents" plan, sponsored by Reps. Hansen, Green and Kolb, is a common-sense solution to this ongoing problem. House Bill 5163 and HJR O would create a stable, Constitutionally-dedicated source of funding to exclusively support expanded recycling opportunities, litter prevention and public education across Michigan — for just pennies a day.

Under HB 5163, retailers would collect a one-penny fee on most transactions of \$2 or more, generating about \$42 million per year for recycling. As proposed, every penny would be dedicated to recycling education and litter prevention programs — none would go to the general fund. The penny fee would not be applied to any business services, business-to-business transactions, vending machines, motor fuel, heating oil, prescription drugs or utilities.

The Recycling Makes Cents plan would distribute the revenue as follows:

- 50% would go to matching funds for local governments with recycling programs. This would provide additional financial support to existing municipal recycling programs (such as curbside and drop-off) while leaving local governments in control.
- 40 percent would be used for grants to specific programs and businesses for recycling collection, processing and reuse and to help communities start new collection programs.
- 10 percent would fund statewide recycling education and litter reduction programs.
- 8.5 percent for market development of recycled materials and tax incentives to encourage recycling.

House Joint Resolution O would allow Michigan voters to decide if the penny transaction fee should be collected. By amending the state Constitution, it would ensure these funds could never be spent in any other way.

As it turns out, this investment will reap substantial economic benefits as well. An economic impact study, conducted by Public Sector Consultants at the request of MRP, clearly shows that Michigan could create thousands of jobs just by boosting its recycling rate near to that of other states in the region. Mr. Bill Rustem of Public Sector Consultants will review with you the results of that study.

Under the Recycling Makes Cents plan, the benefits to recycling and the environment accrue literally for just pennies a day for most Michigan residents. Retailers across the state support Recycling Makes Cents as a common-sense solution to a long-standing problem, and are willing to do the additional work necessary to collect the fee at the point of sale. And I should note that an analysis by Jaffe, Raitt, Heuer, & Weiss, P.C. has concluded that the Recycling Makes Cents plan satisfies the legal definition of a fee and is not a tax.

A recent poll, conducted by Marketing Resource Group at the request of MRP, shows strong public support for Recycling Makes Cents. In fact, polling shows 78 percent of Michigan residents are likely to support such a program, and 62 percent support collecting one penny on transactions of \$2 or more for increased recycling. The Michigan Chamber of Commerce, Detroit Regional Chamber, Grand Rapids Area Chamber of Commerce and Traverse City Chamber of Commerce have all endorsed the plan.

As a food retailer in Michigan, I would be remiss in my duties if I did not mention another proposal that routinely surfaces in any discussion of expanded recycling, and that is the bottle deposit law. Michigan's food and beverage industry has complete responsibility for collecting and processing bottles and cans through Michigan's bottle deposit law. This has helped us understand the acute need for more recycling in our state — and understand just how ineffective the bottle deposit law is as a method of recycling. There is no question that the bottle bill has succeeded in reducing the number of carbonated beverage cans found along our streets and highways. But Michigan — the only Great Lakes state with a bottle bill — is also the only Great Lakes state to have gone *backward* on recycling over the past decade. Despite investing millions of dollars and countless hours into collecting beverage containers through our bottle deposit system, we remain last in the region, and nearly last in the nation. Expanding the bottle deposit law is simply not the answer.

The bills before you do nothing to change the current bottle deposit system. They do, however, assure that additional recycling in Michigan will be accomplished through a more comprehensive, cost effective method that captures a much larger segment of recyclable materials.

House Bill 5163 and HJR O are a strong step in the right direction. Recycling is often recognized for the positive environmental impact it can provide through the conservation and reuse of natural resources. But recycling's *economic* impact has been essentially overlooked.

In this challenging economic time, you have the opportunity to change that attitude by voting yes today and saying "Recycling Makes Cents" for Michigan. Passing this important legislation will ensure Michigan residents reap the benefits of recycling for generations to come. It will create jobs and preserve the environment. It will ensure the funding goes only to these critical services and no other non-related programs. And it will move Michigan to its rightful place as a leader in the recycling and reuse industry. All for just pennies a day.

The Michigan Recycling Partnership urges your YES vote on HB 5163 and HJR O. Thank you for the opportunity to speak with you today.

